

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**SOCIAL INCLUSION THROUGH CULTURE AND "CITIZENSHIP":
CULTURE FACTORIES**

(BR-0373)

LOAN PROPOSAL

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE RE1 TECHNICAL FILES

Preparation:

Consultant Report: Evaluation of the SEC's music projects
Consultant Report: Evaluation of five SEC socio-cultural projects
Targeting methodology and vulnerability index (Fundación SEADE)
Consultant Report: Institutional Diagnostics
Consultant Report: Economic Evaluation of the Program
Consultant Report: Monitoring and Evaluation
Draft project on Cultural Foundation Centers
Participatory workshop memorandum
By-laws of Fundación SEADE

Execution:

Breakdown of program budget
Operating Regulations and annexes thereto (i) Monitoring Matrix; (ii) Logical Framework;
(iii) Model SEC-AE contract; (iv) CFC equipment broken down into thematic areas;
(v) Targeting methodology and vulnerability index; (vi) Eligible ARTivities and duration.

ABBREVIATIONS

AE	Associated Entities
AIDS	Acquired Immunodeficiency Syndrome
ARTivities	Artistic and Cultural Activities
BTSA	Brazilian Technical Standards Association
CDHU	Compañía Estatal de Desarrollo Habitacional y Urbano [State Housing and Urban Development Cooperation]
CICV	Comité Intersectorial de Combate a la Violencia [Interministerial Committee to Combat Violence]
CFC	Culture Factory Centers
CSO	Civil Society Organization
FEBEM	State Foundation for the Welfare of Children
JSF	Japan Special Fund
LIBOR	London Inter-bank Offered Rate
OC	Ordinary Capital
OR	Operating Regulations
PMU	Program Management Unit
PTI	Poverty-targeted investment
SEADE	State Data Analysis System
SEC	Secretaría de Estado de Cultura [State Secretariat for Culture]
SEQ	Social equity enhancing investment
SLC	Survey of Living Conditions
SPMP	São Paulo Municipal Government
UNESCO	United Nations Educational, Scientific and Cultural Organization



BRAZIL

IDB LOANS

APPROVED AS OF AUGUST 31, 2003

	US\$Thousand	Percent
TOTAL APPROVED	24,977,199	
DISBURSED	20,991,600	84.04 %
UNDISBURSED BALANCE	3,985,599	15.95 %
CANCELATIONS	1,444,258	5.78 %
PRINCIPAL COLLECTED	8,459,548	33.86 %
APPROVED BY FUND		
ORDINARY CAPITAL	23,287,916	93.23 %
FUND FOR SPECIAL OPERATIONS	1,558,545	6.23 %
OTHER FUNDS	130,738	0.52 %
OUTSTANDING DEBT BALANCE	12,532,052	
ORDINARY CAPITAL	12,155,485	96.99 %
FUND FOR SPECIAL OPERATIONS	376,190	3.00 %
OTHER FUNDS	377	0.00 %
APPROVED BY SECTOR		
AGRICULTURE AND FISHERY	999,808	4.00 %
INDUSTRY, TOURISM, SCIENCE AND TECHNOLOGY	6,241,761	24.98 %
ENERGY	2,416,504	9.67 %
TRANSPORTATION AND COMMUNICATIONS	3,929,458	15.73 %
EDUCATION	876,765	3.51 %
HEALTH AND SANITATION	3,018,155	12.08 %
ENVIRONMENT	634,478	2.54 %
URBAN DEVELOPMENT	2,467,772	9.88 %
SOCIAL INVESTMENT AND MICROENTERPRISE	2,927,739	11.72 %
REFORM AND PUBLIC SECTOR MODERNIZATION	1,068,679	4.27 %
EXPORT FINANCING	294,977	1.18 %
PREINVESTMENT AND OTHER	101,103	0.40 %

* Net of cancellations with monetary adjustments and export financing loan collections.



Inter-American Development Bank
Regional Operations Support Office
Operational Information Unit

Brazil

Tentative Lending Program

2003

Project Number	Project Name	IDB US\$ Millions	Status
*BR0407	Banco Bradesco	50.0	APPROVED
BR0391	Downtown São Paulo Rehabilitation Procentro	100.0	
*BR0411	Unibanco - Trade Financing Facility	50.0	
*BR0398	Novatrans Energy	36.0	
BR0373	Culture and Citizenship for Social Inclusion	20.0	
*BR0395	Termonorte	59.2	
*BR0401	Bandeirante Investment Program	44.0	
BR0324	Ceara Sanitation Program	100.0	
*BR0370	Campos Novos Hydroelectric Power Project	75.0	
BR0302	Fortaleza Urban Transport	85.2	
BR0375	Urban Transportation Curitiba II	80.0	
*BR0402	Tele Norte Leste Bond Guarantee (Telemar)	75.0	
BR0396	Env. Rehabilitation of the Paraibuna River- Juiz de Fora	17.5	
BR0372	São Paulo Fiscal Administration	15.0	
BR0397	Sanitation and Environmental Rehabilitation Belo Horizonte	42.5	
Total - A : 15 Projects		849.4	
*BR0367	Termoacu Co-Generation Power Project	25.0	APPROVED
*BR0412	Braskem	75.0	
*BR0413	Ulbra University and Hospital Project	42.3	
Total - B : 3 Projects		142.3	
TOTAL 2003 : 18 Projects		991.7	

2004

Project Number	Project Name	IDB US\$ Millions	Status
BR0390	Porto Alegre Environmental Recovery	75.0	APPROVED
BR0400	Sao Bernardo do Campo Urban Transportation	144.0	
BR0318	Tourism Development Program for the South of Brazil (PRODETUR SUL)	200.0	
BR1001	Supporting Innovation in Food and Agriculture Research	36.0	
BR0403	External Control Modernization Program States	38.6	
BR0376	Environmental Improvement Program for Amapa	21.0	
BR0405	States and DF Administration Modernization I - PNAGE	93.0	
BR0369	Sector Program	500.0	
BR0358	Financing of PYMES - BNDES	1,000.0	
*BR1003	TGG - Guaruja Bulk Cargoes Terminal	20.0	
BR1004	Support to BOLSA FAMILIA Program	1,000.0	
BR1004	Support to BOLSA FAMILIA Program	1,000.0	
BR1004	Support to BOLSA FAMILIA Program	1,000.0	
BR1005	ENVIRONMENTAL -SOCIAL PROGRAM IGARAPES MANAUS	140.0	
BR1005	ENVIRONMENTAL -SOCIAL PROGRAM IGARAPES MANAUS	140.0	

BR1005	ENVIRONMENTAL -SOCIAL PROGRAM IGARAPES MANAUS	140.0
BR1006	MACAMBIRA ANICUNS URBAN PROGRAM	52.0

Total - A : 17 Projects	5,599.6
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BR0378	Promotion of Ethics and Defense of Public Patrimony	3.0
BR0266	New Irrigation Model	90.0
BR0254	Florianopolis-Osorio Highway Moderniz.	322.0
BR0392	Cadaster and Land Regularization Program	65.0

Total - B : 4 Projects	480.0
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TOTAL - 2004 : 21 Projects	6,079.6
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Total Private Sector 2003 - 2004	551.5
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Total Regular Program 2003 - 2004	6,519.8
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*** Private Sector Project**



BRAZIL

STATUS OF LOANS IN EXECUTION AS OF AUGUST 31, 2003

(Amount in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROYECTS	AMOUNT APPROVED*	AMOUNT DISBURSED	% DISBURSED
<u>REGULAR PROGRAM</u>				
Before 1997	14	3,678,000	3,221,368	87.58 %
1997 - 1998	11	1,426,965	598,812	41.96 %
1999 - 2000	11	1,616,547	363,626	22.49 %
2001 - 2002	17	2,641,400	1,262,287	47.79 %
<u>PRIVATE SECTOR</u>				
1999 - 2000	2	98,700	74,479	75.46 %
2001 - 2002	2	100,186	81,190	81.04 %
TOTAL	57	\$9,561,798	\$5,601,762	58.58 %

* Net of cancellations. Excludes export financing loans.

SOCIAL INCLUSION THROUGH CULTURE AND "CITIZENSHIP": CULTURE FACTORIES

(BR-0373)

EXECUTIVE SUMMARY

Borrower:	Government of the State of São Paulo	
Guarantor:	The Federative Republic of Brazil	
Executing agency:	São Paulo State Secretariat for Culture (SEC)	
Amount and source:	IDB: (OC)	US\$20 million
	Local:	US\$10 million
	Total:	US\$30 million
Financial terms and conditions:	Amortization period:	25 years
	Grace period:	6 years
	Disbursement:	6 years
	Interest rate:	variable LIBOR
	Inspection and supervision:	1.00 % of loan amount
	Credit fee:	0.75 % per annum on undisbursed balance
	Currency:	Dollars of the United States of America under the Single Currency Facility
Objectives:	The program objective is to promote equitable participation of boys, girls and young people from the most vulnerable districts of metropolitan São Paulo, in quality artistic and cultural activities that contribute to their overall development and their integration into the family and society.	
Description:	To meet the proposed objective, the program will finance: (i) a broad range of Artistic and Cultural Activities (ARTivities), offered through Associated Entities (AE) and Culture Factory Centers (CFC), which will be fully equipped; (ii) construction of CFC in high-risk districts; (iii) SEC institutional strengthening; (iv) the design and implementation of monitoring and evaluation systems; (v) the design and implementation of continuing training and orientation modules for human resources involved in ARTivities; and (vi) the design and implementation of a social communication strategy.	

The program is both innovative and preventive, as its actions will target children and youth at social risk in nine districts of five highly vulnerable peripheral areas of the São Paulo Municipality Prefecture (SPMP), areas where significant violence and a cultural void exist. Activities will include the gender, and racial/ethnic equity perspective, and will provide for inclusion of physically and mentally handicapped children, ensuring that the most excluded children and young people participate in the program. The program will also create spaces and instruments for children, young people, their families and other community members to actively support the activities, serving as social control elements and assuring the quality of interventions. The target population consists of some 200,000 children and young people aged 7 to 19 years, at high social risk. This target group accounts for over 45% of the population in this age group in the nine districts at highest risk on the outskirts of SPMP. The program will help improve the quality and efficiency of cultural projects, coordinating them more effectively, and will serve as a complete institutional model from an artistic and cultural perspective.

The program has three components in the pursuit of its objective:

1. Artistic and Cultural Activities (US\$17.6 million)

The purpose of this component is to carry out ARTivities and offer social and educational services in particularly vulnerable neighborhoods at high social risk based on their level of violence and social exclusion. To achieve this objective, financing will be provided for ARTivities, and for the equipping, outfitting and commissioning of the CFC. The program will finance hiring specialized consultants, materials, AE, artists, composers, art instructors and social workers to conduct the ARTivities at the CFC and AE.

2. CFC infrastructure (US\$7.2 million)

Under this component, CFCs will be established with sufficient space to accommodate the ARTivities and other cultural and artistic activities for the communities in the selected neighborhoods. Nine CFCs will be constructed, one in each selected district, will be the cornerstones to offer a wide range of high quality ARTivities. They will also serve as a space for community life and art exhibitions. Funding for CFC construction will include development of basic and executive projects, and supervision of the construction work.

3. Institutional strengthening (US\$1.2 million)

This component will help strengthen SEC capacity to improve the artistic and cultural events offered to the population at high risk. It comprises four subcomponents: (i) institutional strengthening of the

SEC, in order to develop a public policy on culture based on social equity and operational principles that encourage coordination with sector policies to advance social inclusion. Design a strategy to raise funds to bolster program sustainability; (ii) monitoring and evaluation, to implement the information, registry, and permanent monitoring and evaluation systems at the SEC Program Management Unit (PMU), the CFC and the AE; (iii) orientation and continuing training in order to bring about a dynamic and permanent improvement in the quality of artistic and cultural activities, and the care provided to beneficiaries and their families, through awareness of social issues; and (iv) social communication to heighten awareness among beneficiaries and their families of program characteristics, benefits, the range of activities offered at AE and CFC, and to disseminate the results.

**The Bank's
country and
sector strategy:**

The Bank's strategy, presented in the Country Paper for Brazil approved in July 2000, aims to cooperate with the Government's efforts to achieve growth within a framework of stability, poverty reduction, and the elimination of inequities. The chief areas identified for action are: (i) promoting and expanding State reform and modernization; (ii) supporting efforts to improve competitiveness and market access for Brazilian products; (iii) reducing social inequities and poverty; (iv) attending to environmental problems and those affecting natural resources; and (v) supporting regional integration efforts. The program advances the Bank's strategy in that it aims to reduce inequities by supporting actions targeting the recovery of a highly vulnerable segment of the population—children and young people at highest social risk.

**Coordination
with other
development
institutions:**

The executing agency intends to coordinate cultural activities with the United Nations Educational, Scientific and Cultural Organization (UNESCO) in Brazil, to increase the impact of the SEC's social actions, including the proposed program (see paragraph 1.10).

**Environmental
and social
review:**

No negative environmental impacts are expected. Construction of CFCs and rehabilitation of AE premises are minor works that are required to comply with the provisions of the Code of Civil Works of the São Paulo Municipality, in addition to other applicable municipal and state rules, and the relevant standards of the Brazilian Technical Standards Association (BTSA). These include Law 46,076, providing for fire emergency measures and evacuation routes, and rule NB-9050-1994 covering building accessibility for persons with physical handicaps. Additionally, consideration will be given to security measures to protect children, young people, instructors and other users, and to protect buildings from acts of violence and vandalism.

Benefits:	<p>There is evidence that artistic and cultural activities not only help children and adolescents acquire artistic skills, but also improve their school performance (especially in language and mathematics) and their ability to socialize. What is more, their creative potential and self-esteem are boosted, they learn to function with autonomy, to live in peace and build a life for themselves. Building CFC in the outskirts of the SPMP will not only concentrate activities and bring together different forms of artistic expression and cultural events, but will promote integration and improved relations between the community, families, and children and youth. Lastly, construction of CFC will help eliminate the existing discrepancies in infrastructure for delivery of cultural services between the outskirts of the SPMP and the city center.</p>
Risks:	<p>One potential risk is not finding enough professionals willing to work in distant and violent neighborhoods. To manage this situation, the program will: (i) encourage art instructors residing in the target areas to participate in the program; (ii) train participants to work with social groups at high risk; and (iii) offer a bonus if, during execution, it becomes evident that people are reluctant to work in certain districts. Another risk is that families may be fearful of sending their children to centers offering ARTivities because of the prevailing insecurity and violence. This situation may be mitigated by locating the CFCs in well lit areas that are not overly violent, and close to public transportation. Besides, since the District Advisory Councils are made up of community members, they are expected to take actions to protect beneficiaries and encourage their active participation. Finally, there is the risk that low family income levels force young people to abandon the activities early in order to seek work. This risk will be mitigated by offering ARTivities at the CFCs on a continuous schedule, and planning some specific activities with the potential for becoming a future source of income for young people, such as multimedia or music.</p>
Special contractual clauses:	<p>Prior to the first disbursement, the SEC shall submit, and the Bank approve, evidence that: (i) the Operating Regulations are in effect (paragraph 3.4); (ii) the PMU Executive Coordinator (paragraph 3.7), is discharging his/her functions; and (iii) an agreement or contract to implement the program jointly has been signed between the borrower, through the executing agency, and the SEADE Foundation. (paragraph 3.1).</p>
Poverty-targeting and social sector classification:	<p>This operation automatically qualifies as a poverty-targeted investment (PTI) and social equity enhancing project (SEQ) insofar as it targets children and adolescents in the sectors with the least resources and most social exclusion. It is also consistent with the</p>

social equity enhancing described in paragraphs 2.13 and 2.15 of document AB-1704 of the Eighth Replenishment. The borrower will use the additional 10% financing (paragraph 4.16).

**Exceptions to
Bank policy:**

None.

Procurement:

Procurement of goods and contracts for services shall be executed in conformity with the applicable procedures of the Bank. International competitive bidding shall be required for civil works when the cost is equal to or greater than US\$5 million, goods for amounts equal to or greater than US\$350,000, and for contracting services for amounts greater than US\$200,000. Price shall be used as the selection criterion for service providers, in accordance with the procedures indicated in document GN-1679-3. With respect to selection based on technical quality and price, the relative weight of price as a selection criterion may not exceed 20 percent. In order to expedite program execution, bids for less than US\$100,000 for the procurement of goods, less than US\$50,000 for contracting individual consultants, and less than US\$100,000 to contract consulting firms, shall be evaluated ex post.

I. FRAME OF REFERENCE

A. Population and urban characteristics of the São Paulo Municipal Prefecture

- 1.1 Since the 1950s, the city of São Paulo, with a population of 10.5 million, has been marked by the great disparity between the city center and the outlying areas. The infrastructure for delivering social and cultural services is concentrated in the urban center, whereas the city's outlying areas lack even the most basic living conditions.
- 1.2 The sale of parcels of land in the outlying districts around the municipality of São Paulo (SPMP) began in the 1950s, contributing to the dramatic and spontaneous expansion of the city, with the emergence of shanty towns consisting of self-built housing and limited urbanization. The expansion was haphazard, the result of working classes moving to the outskirts of the SPMP, migration of workers following the establishment of industries, and the absence of regulatory policies. Although the 1970s and 1980s saw the beginnings of an effort to urbanize and legalize housing around the SPMP, a drop in salary levels forced low-income families to move out even further, living in substandard housing in overcrowded slums lacking infrastructure, resulting in the social exclusion of families. Moreover, these areas have a very high infant and juvenile population density, aggravating their vulnerability. In the last decade, the SPMP's east, north, and south peripheral districts saw the greatest population jump.

B. Children and adolescents at social risk

- 1.3 Social risk refers to the high likelihood of diminished opportunities for equitable social participation for children¹ and adolescents living in certain social and family conditions, resulting in their social exclusion. Areas at risk are those with, for instance, a high incidence of unemployment, school desertion, juvenile homicide, teenage pregnancies, low head-of-household income, low schooling level, no leisure hour amenities, etc. Table I-1 shows that the SPMP outlying districts have the highest indices of social risk variables among children and adolescents. The high-risk districts on the outskirts of the SPMP are home to approximately 439,000 children.
- 1.4 Living conditions for families on the outskirts of the SPMP foster great vulnerability to violence. As Table I-1 shows, there is a great disparity in male homicide rates between the suburbs and the downtown areas. An analysis of the homes of the inmates of the Fundação Estadual do Bem-Estar do Menor [State

¹ In Spanish, the term “niños” is used to refer to both boys and girls without distinction. In English, however, this problem does not exist since “children” already has this connotation.

Foundation for the Welfare of Children]² (FEBEM) confirms the high rates of violence recorded in these areas. Only 4% of young people at FEBEM grew up in downtown districts, whereas 40% come from the eastern suburbs, 31% from the south and 16% from the north.

Table I-1: Risk factors by District		
Risk factors	Downtown districts	Outlying districts
Young people 15 to 19 years of age not attending school	9%	31%
Persons with incomplete basic education	19%	49%
Teenage mothers, aged 14-17	3%	9%
Homicide rate for men 15-19 years (per 100,000 inhab.)	30	321
Average monthly income of heads of households with children and adolescents (nominal value in R\$)	4,333	649
Vulnerability index (0 to 100)	15	72

Source: *Fundação Sistema Estadual de Análise de Dados (SEADE)*. Economy and Planning Secretariat. State of São Paulo, April 2002

- 1.5 Social risk factors are associated with poverty and the social exclusion of marginal communities. Therefore, unless preventive measures are enacted to palliate these conditions, the circle of poverty will not be broken. Gender is an important aspect and must be factored into any analysis of risk factors affecting children and adolescents, and differing degrees of social exclusion and social inequality may be evident depending upon the sex of the child as well as other types of risk. For example, risk factors for boys include an inclination to join gangs at an early age and commit acts of violence, whereas for girls, risk factors include sexual abuse and violence (with the potential risk of unwanted pregnancies, sexually transmitted diseases, and AIDS).

C. Impact of artistic and cultural activities on children

- 1.6 A qualitative³ study on the effects of artistic programs at two schools in low income neighborhoods in New York showed a significant correlation between the artistic learning experience of participating children and adolescents, and their creativity, self-evaluation of academic performance, and their ability to express themselves, take risks and use their imagination. Other studies⁴ have demonstrated that learning in and through the arts hones the attention to details, originality, concentration, and persistence in performing a task. All these skills and dispositions, proven to be involved in the learning of different art forms, are also present when learning

² FEBEM is the Brazilian entity responsible for enforcement of welfare policy directives and regulations for minors at state level. Established in 1973 under the Youth Secretariat, the São Paulo State FEBEM Agency is administratively autonomous and executes programs caring for adolescents in trouble with the law, administers 53 inmate units, and cares for more than 17,000 young people.

³ Horwitz, Robert and Kleiman, Amy: *The Relationship Between Arts Learning and Cognitive Skills Social Competencies and Personal Dispositions*, Teachers College, Columbia University, 2002.

⁴ Horowitz, Robert, *Learning In and Through the Arts*, Teachers College, Columbia University, 2000.

academic disciplines. There is a direct relationship between theater and the development of empathy, or between musical activity and learning exact sciences.⁵

- 1.7 In the United States, although after school programs combining study support activities with sports and arts learning exist, there is no data relating exclusively to the impact of artistic activities. Nonetheless, these evaluations show a positive correlation between attendance at these programs and improved school performance and social relationships, in addition to greater self-esteem, motivation to continue learning, and closer ties with the school and community.
- 1.8 There are also many programs in Brazil, such as the *Axé* project in the state of Bahia, *Olodum* or *Circo Escola* in Rio de Janeiro, and *Meninos de Morumbi* in São Paulo. They aim to take the children off the streets through participation in cultural programs. These projects have a shared objective: for children and adolescents to improve their school performance (especially in language and mathematics) while improving performance in their specific arts activity. The programs also build on their creative potential and self-esteem, teaching them to act independently, to live in harmony and build their project of life. As yet, there is no systematic evaluation of the impact of these programs. However, the executing agencies of socio-cultural projects sponsored by the State Secretariat for Culture (SEC) commented at one of the participatory workshops held during the program design phase that they observed the impacts shown in Table I-2. Some of these indicators were used for the economic evaluation of the program (see paragraphs 4.4 and 4.5).

Table I-2 Impact Indicators
<p>Children and young people:</p> <ul style="list-style-type: none"> • Increase reading ability and understanding. • Learn artistic skills (for example, to play a musical instrument). • Improve ability to express themselves (orally, in writing, through body language, and musically). • Show greater self-esteem, and motivation and interest to learn. • Return to school (fewer school dropouts). • Improve academic performance, particularly in language and mathematics. • Learn less aggressive behavior, both verbal and physical. • Become more sociable, learn to respect others, feel a part of a social process. • Learn the value of discipline and self-discipline. • Develop the concept of civic responsibilities (rights and duties). • Improved behavior and project of life (expectations). <p>Family:</p> <ul style="list-style-type: none"> • Improved family relations. • Parents appreciate children and young people more. • Greater parental participation in the activities of children and young people. <p>Community:</p> <ul style="list-style-type: none"> • The community takes ownership of cultural activities (understands the concept of public good and care). • Coordination between school and community healthcare centers. • Community networks encouraged. • Better attitude from health and education practitioners towards young people.

⁵ Horowitz, Robert, and Kleiman, Amy: *The Relationship between Arts Learning and Cognitive Skills, Social Competencies, and Personal Dispositions*, (2002), Teachers College, Columbia University, presented at the AERA National Conference, New Orleans, April 2002.

D. Country sector strategy

- 1.9 The Government of Brazil has determined that social policies must be integrated, strategic, and formulated and implemented through cross-cutting and creative actions. This calls for a change in the sector rationale so as to coordinate programs to efficiently attain the social inclusion goals. The government intends to adopt new policies to promote appreciation of national culture and its regional diversity, using it as an element to reclaim the country's identity and making the cultural heritage accessible to society, in the knowledge that access by the people to culture promotes social cohesion.
- 1.10 São Paulo State established an Interministerial Committee to Combat Violence (CICV), bringing together nine state Secretariats and other state agencies to combat violence through coordinated social actions. This novel and creative initiative may have a major social impact if its comprehensive interventions are pursued in the most vulnerable areas. The SEC is part of this committee, through which it coordinates actions with the other member Secretariats to use art and culture to achieve social inclusion and a reduction in violence. The efforts of São Paulo State to enforce an integral cross-cutting approach in the areas at highest social risk, is fully consistent with national policy. Furthermore, the executing agency intends to coordinate cultural activities with the United Nations Educational, Scientific and Cultural Organization (UNESCO) of Brazil to increase the impact of SEC social actions, including the proposed program.

E. Institutional response

- 1.11 Several programs have been implemented by state Secretariats and the SPMP, as applicable, to meet the needs of children and youth in peripheral areas. An assessment of the eastern area prepared by the Interministerial Committee to Combat Violence, identified leisure time (culture and sports) as the most pressing demand for communities.⁶ However, outlying areas have neither the equipment nor the social services to enhance and develop culture and recreation (such as squares, community centers, etc.).
- 1.12 Given this situation, and to complement other social sector initiatives by the state and its municipalities, the SEC launched several cultural programs to bring more citizens into the process, briefly described below.
- 1.13 *Guri Project.* The goal is to expand the cultural universe of this community, while taking girls and young people off the streets, strengthening civic responsibility and social participation, using music as a means for social and personal transformation. The project is implemented at centers that attract the residents in the targeted areas—called “polos” (focal points)—where music is taught through collective

⁶ Additional demands, in order of importance, are income generation, refuse collection, and the need for green spaces, among others.

teaching methods, including forming orchestras, children's choirs, string, woodwinds, percussion and other ensembles. There are some 40 focal points caring for seven thousand children and young people aged 8 to 18 years, from low-income homes. Participation is conditional on school attendance.

- 1.14 *"Tom Jobim" Open University of Music.* This center provides musical training for children, adolescents and adults, catering to some 10,000 students a year. Its aim is to disseminate music, by creating and supporting musical groups, both professional and amateur, staging shows and organizing special workshops, by sponsoring courses in introductory music and training in musical instruments and singing, at its two locations.
- 1.15 *Cultural workshops.* They offer free cultural courses for the general population in topics such as: cinema, literature, video, photography, dance, visual arts, circus, cultural administration and radio. Presently, they serve over 65,000 people.
- 1.16 *Arquimedes Project.* This project finances a number of cultural activities (visual arts, dance, capoeira, graffiti, hip-hop, music, percussion and theater) organized by civil society organizations (CSOs) for low-income youths or young people at risk. These activities help train leaders, and introduce the concept of civic responsibility, solidarity, quality of life and peaceful coexistence. The program caters to some 4,000 individuals a month, offering 130 activities through 44 civil society organizations. It is believed that one third of the recipients are children and adolescents, and activities range from a single workshop to year-long courses.
- 1.17 *Ademar Guerra Project.* The goal is for children and young people to join theatre groups, distancing themselves from violence, and nurturing civic responsibility values and democracy, independence and team work. Theatre work also enhances fundamental aspects of intellectual training, such as research, reading habits, experimentation and memory. In 2001, the project had 99 theatre groups with over two thousand people.
- 1.18 The SEC administers and executes the *Open University of Music* and the *Cultural Workshops* activities directly. The *Ademar Guerra* theatre groups find their own work space and procure all the material needed for their productions. The SEC hires and finances the group director-guide. With regards to other projects, the SEC joins forces with the nonprofit or community organizations that offer services for children and young people in the community, and whose sole responsibility is to provide the physical space. The SEC selects, hires and trains the art instructors for all projects, applying specific selection criteria for each project, and funds the artistic activities. The SEC also provides the musical instruments for the *Guri* project.
- 1.19 Although demand for these SEC social programs among the target population is high, the programs themselves have certain shortcomings: (i) they are not coordinated, and therefore fail to benefit from incremental impact and efficient

service delivery; (ii) they do not apply standardized artistic quality criteria; (iii) the quality of activities is lowered by the scarcity of resources to improve the facilities where the activities take place, and procure equipment, instruments and material; and (iv) there are no monitoring and evaluation systems to assess activity impact on recipients.

F. The Bank's country strategy and experience with social inclusion

- 1.20 The Bank's strategy, presented in the Country Paper for Brazil approved in July 2000, aims to cooperate with the government's efforts to achieve growth with stability, and to reduce inequity and poverty. The principal areas of action identified are: (i) promoting and deepening State reform and modernization; (ii) supporting efforts to improve competitiveness and market access for Brazilian products; (iii) reducing social inequities and poverty; (iv) addressing environmental problems and those affecting natural resources; and (v) supporting regional integration efforts. The program advances the Bank's strategy insofar as it attempts to reduce inequity by supporting actions targeting recovery of a very vulnerable segment of the population—children and youth at high social risk.
- 1.21 Since 1992, the Bank has financed 14 loan operations totaling US\$325 million, and 22 technical-cooperation projects amounting to US\$22 million, supporting childhood and adolescence. These funds were earmarked for cooperation with countries in developing investment and technical services to provide comprehensive care for girls and young people at social risk. The following are some of the lessons learned: (i) the importance of public sector involvement in designing strategies, policies, and action plans; (ii) the need for mechanisms to promote community and family participation, ensuring that institutional action meets the most pressing needs, ensures quality of service and focuses on areas at greater social risk; (iii) the importance of involving CSOs with expertise in childhood and adolescent issues, program design and service delivery; (iv) prioritize preventive actions; and (v) the need to ensure that actions targeting children and youth at risk focus on stemming school dropouts (a key factor in the intergenerational transmission of poverty), preventing the use of drugs, and promoting social communication skills and self-esteem in children.
- 1.22 Although the Bank has acquired considerable experience with financing programs targeting children and adolescents at social risk and, more recently, youth in trouble with the law, an essentially cultural approach is an emerging line of action for the Bank. A program with similar characteristics, although without a multiplicity of artistic forms, is the Program to Support the Centro de Acción Social por la Música in Venezuela (1055/OC-VE), still in execution. The objective of this operation is to support musical training as a means to achieve social insertion for low-income girls and young people and improve their school performance. A preliminary evaluation

shows the orchestra⁷ system impacts three spheres: (i) *the child's personal-social* sphere, with improved intellectual skills—more focused and better concentration; emotions—developing feelings and esthetic appreciation—and social skills—through team work, constant effort with clear goals and tangible achievements, and respect of authority as member of an orchestra. The experience also provides a project of life for those considering music as a profession; (ii) in the *family* sphere the effect is felt through family support and improved relations; and (iii) in the *community* sphere, the impact manifests through the creation of new productive and recreational opportunities.

- 1.23 This operation is also consistent with the Cultural Development Program, administered by the Cultural Center in cooperation with the Country Offices, to support youth training and development in the arts in Latin America and the Caribbean by financing small and innovative cultural projects in the region.

G. Operation design

- 1.24 The SEC surveyed the cultural equipment in the state, noting a greater concentration in the central region where the population has a better quality of life. In the outlying regions, on the other hand, with more favelas and higher density of young people, there is a cultural supply void. The SEC further noted there was a correlation between areas with no cultural activity and areas where most juvenile delinquents held at FEBEM facilities come from. Furthermore, they confirmed that the cultural activities instituted at this center improve personal development, sociability, ability to work in groups, teamwork and communication skills, as well as discipline, solidarity and civil harmony.
- 1.25 Confronted with these results and wanting to shelter children and young people from social risk, the SEC recognized the value of targeting actions at the most vulnerable outlying areas, bringing art and culture to the more socially excluded communities. It also saw fit to develop a common strategy to have a greater impact on the target population, reaching out to communities with a single integrated cultural-artistic program, instead of several independent projects, which involved designing common mechanisms and procedures. It is hoped that an integrated cultural offering will contribute to the social inclusion of children and family, and improve the situation of the community.
- 1.26 On the basis of experiences with earlier SEC-backed cultural projects, and their evaluation as part of Program preparation, and the participatory workshops with executing agencies and the private sector, a number of weaknesses were identified which were taken into account in designing this operation. Specifically these weaknesses are: (i) there is insufficient physical space to hold cultural activities and

⁷ Significación Social del Sistema de Orquestas Pre-infantiles, Infantiles y Juveniles de Venezuela [Social Meaning of the Pre-child, Child and Juvenile Orchestra System of Venezuela], PR-2237 preparation document, Region 3 technical files.

the little space that does exist is in poor state of repair (no windows or ventilation, no drinking water, etc.); (ii) there is inadequate access to resources and material for quality artistic activities; (iii) initiatives are fragmented and there is no continuity in the flow of resources; (iv) inter- and intra-institutional coordination needs to be improved; (v) projects do not have built-in evaluation systems to measure the impact of their actions and there are no dissemination strategies to facilitate social marketing of results; (vi) targeting needs to be improved since most cultural activities are offered in central districts, whereas a dearth of cultural material is found in SPMP outlying areas; (vii) coverage is limited and existing demand exceeds supply; (viii) the culture professionals involved in SEC projects, although artistically well prepared, with a strong social commitment and acknowledged as key program assets, need specific training to provide appropriate care to the at-risk situation of the recipient children and young people; (ix) processes to access resources are slow and bureaucratic; and (x) there is no information on the selection mechanisms and criteria for SEC-financed cultural initiatives.

- 1.27 The following areas also need to be improved: (i) Associated Entity (AE) capacity to monitor and register cultural activities at their centers; (ii) geographic targeting criteria for reaching the most vulnerable beneficiaries; (iii) uniform teaching methods for quality control purposes and measuring the impact of activities; and (iv) inability to institute joint planning and coordination between institutions which results in activity overlaps, delayed payments to AEs, and service delivery interruptions.
- 1.28 Consequently, in addition to covering infrastructure construction and refurbishment, and supplying material to the centers, to serve the population suffering most from social exclusion, this program must work to improve the quality, efficiency and coordination of cultural projects. To achieve this aim, it is essential for the program: (i) to establish a comprehensive artistic and cultural institutional model to be executed at CSO facilities, and at the new arts and cultural centers, called Culture Factory Centers [Centros de Fábricas de Cultura] (CFC); (ii) to target actions at high-risk zones; (iii) to formulate and coordinate actions with other social services providers;⁸ (iv) to increase social support for and control of interventions through beneficiary advisory committees and other local agencies; (v) to establish a system of follow up on beneficiaries and service providers so as to monitor progress; (vi) to set up an evaluation system to measure the impact of cultural actions, and publicize it through dissemination campaigns; and (vii) to include training activities to assure quality of service.

⁸ Close cooperation with the Comité Intersecretarial de Combate a la Violencia [Interministerial Committee to Combat Violence] helps assure coordination of actions targeting children and young people at risk.

II. THE PROGRAM

A. Objective

- 2.1 The general objective of the program is to promote equitable participation by girls, boys and young people from the most vulnerable districts of the São Paulo metropolitan area, in quality artistic and cultural activities, to enhance their comprehensive development and integration into the family and to society.

B. Description

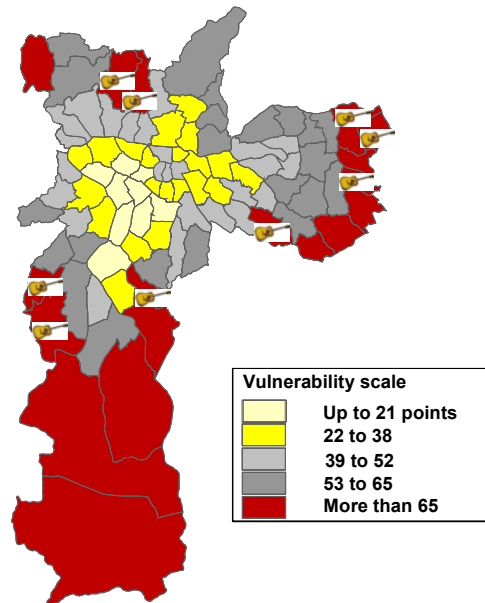
- 2.2 The program is innovative and preventive, inasmuch as the artistic and cultural activities aim to reduce risk factors among children and young people in highly vulnerable areas. To meet this objective, the program will finance: (i) a broad range of Artistic and Cultural Activities (ARTivities) that will be offered through nonprofit organizations engaged for this purpose and known as Associated Entities (AEs), as well as by trained professionals called art educators who will also teach classes in the CFCs, for which appropriate equipment will be procured; (ii) construction and outfitting of CFCs in highly vulnerable districts accorded priority (paragraph 2.5); (iii) SEC institutional strengthening; (iv) the design and implementation of monitoring and evaluation systems; (v) the design and implementation of modules for the guidance and continuing training of human resources involved in the ARTivities; and (vi) the design and implementation of a social communications strategy. Planned activities will have a gender and racial/ethnic equity perspective, and include actions to encourage participation by children and young people with special needs (physical and mental disabilities).
- 2.3 Coordinating program interventions with other public and private entities working to stem violence and promote integration into society and the family of children and young people at social risk, will be crucial to enhancing the impact of ARTivities on social risk and vulnerability reduction among recipients. Accordingly, program activities will be integrated with the initiatives undertaken by the CICV (paragraph 1.10) in the areas of intervention, and coordinated with CSOs working with children and young people on issues such as self-esteem, identity, civic responsibility, social equity, urban violence, child abuse, domestic and gender violence, citizen security and interpersonal relations. The program will help ensure that these organizations address the many dimensions of social exclusion associated with the precarious, overcrowded and violent living conditions of this population, to reduce risk factors such as domestic violence, sexual abuse and violence, teen pregnancies and school dropouts. One form of assistance will be to train AE staff in preventive and personal development activities with the children and young people of their communities, in an environment of social equity.

C. Participation

- 2.4 Program design is the product of a participative process involving periodic consultations with representatives of CSOs working with children and young people in areas of social risk, the private sector, the São Paulo Municipality, and several state agencies such as the State Council for the Condition of Women and state Secretariats that make up the Interministerial Committee mentioned in the previous paragraph. Young people and families living in the outlying areas of the SPMP were also interviewed. During program execution, there will be opportunities for participation and dialogue with the community, families and young people, inviting them to play an active role. This will render interventions more relevant and increase program impact and sustainability. A youth advisory committee will be established in each district, encouraging young people to be actively involved and play a social control function. There will also be a district advisory committee to assure participation by family and community representatives.

D. Targeting and sizing

- 2.5 The program will target areas on a geographic basis, prioritizing interventions in the highly vulnerable areas on the outskirts of the SPMP, where there is a cultural vacuum and a high percentage of children and youth at social risk. A *vulnerability index* was elaborated, taking account of: (i) annual population growth rate from 1991 to 2000; (ii) percentage of young people aged 15 to 19 years in the total district population; (iii) homicide rate of males aged 15 to 19 years; (iv) percentage of teen mothers aged 14 to 17 years based on total live births; (v) value of the nominal income of responsible individuals at permanent private homes; and (vi) percentage of young people aged 15 to 17 years that do not go to school. This index is on a scale of 0 to 100 points, where zero represents the least vulnerable district and 100 the most vulnerable. Using this scale, nine districts in five outlying areas of the SPMP (see map) were identified as having a vulnerability index of 65 points. The following will be the areas of intervention: Brasilândia, Cachoeirinha (north), Cidade Ademar, Capão Redondo, Jardim Angela (south), Itaim Paulista, Jardim Helena, Lajeado, Sapopemba (east). During the design phase, available public spaces were surveyed, and potential lots for the construction of CFCs have already been identified in nine districts.



- 2.6 The 2000 census shows there are 439,000 children and young people aged 7 to 19 years of age living in these nine districts, of which approximately 101,000 live in the northern districts, 128,000 in the south, and more than 221,000 in the east. It is believed that over its lifetime, the program will cater to approximately 200,000 children and young people between the ages of 7 and 19 years, at high social risk, that is to say more than 45% of the total. It is further believed that by the end of program execution, some 153 AEs will have provided artistic and cultural services to 64,000 beneficiaries. As soon as the CFCs become operational, supply will expand significantly, as each one is expected to offer some 45 ARTivities a year. By the end of the operation, these centers will have cared for 136,000 beneficiaries.

E. Components

- 2.7 The program has three components, as described below.

1. Artistic and cultural activities: ARTivities (US\$17.6 million)

- 2.8 The objective of this component is to carry out ARTivities and to offer social and educational services in districts with higher social risk and vulnerability as determined on the basis of their level of violence and social exclusion.
- 2.9 Under this component, funding will be provided for expert consultants, materials and the hiring of AE services (including adapting facilities to accommodate ARTivities), artists, composers, art educators (individual consultants with proven artistic, cultural, or educational skills) and social workers to direct the ARTivities at the CFCs and in AEs. Financing will also cover CFC equipment and furnishings, musical instruments, sound equipment, plus assembly, operation and maintenance of music score and reading material libraries. The funds will also serve to organize events, concerts, shows, exhibitions and other activities that enable the beneficiaries to present their work and to share experiences. Each district will be allotted one vehicle for monitoring the activities in that area.
- 2.10 ARTivities for beneficiary children and young people will be developed and implemented in five areas of artistic expression that include:
- a. *Performing Arts.* ARTivities in the performing arts improve reading skills and promote overall development in children and young people, stimulating perception, sensitivity and awareness of body, sound, and rhythm. Theater and dance awaken the emotional and emotive potential of beneficiaries in a healthy and creative manner. Funding will be provided for workshops and activities in areas such as theater, mime, costumes, the making and acquisition of masks and disguise, puppet theater, set design, lighting, and other related activities, as well as for expenses associated with staging and materials.
 - b. *Visual arts.* ARTivities in this category will enable children to broaden their powers of expression and perception, and improve their cognitive and visual perception and awareness of self and others. Activities include painting,

ceramics, engraving, sculpture, design, toy making and woodwork. In addition to courses and work materials, funds will be used to organize exhibitions and other events to promote the artistic products.

- c. *Music.* Musical ARTivities promote coordination and team work, in addition to improving the understanding of mathematical concepts. They include forming children's and juvenile orchestras of different levels of difficulty, instrumental groups, orchestras, professional and pre-professional bands, and choral ensembles. ARTivities in this area include free courses, fairs and workshops, both for classical and Brazilian popular music, plus activities that complement musical education, such as musical arrangements, construction of popular and stringed instruments, or musical instrument maintenance. The AE will only offer musical activities that do not require instruments, such as choral ensembles. ARTivities requiring the purchase of instruments will only be offered at the CFCs to assure appropriate care and maintenance of the instruments.
 - d. *Multimedia.* Multimedia ARTivities provide beneficiaries with communication tools that present them with opportunity for improving self-esteem and building on the sense of civic responsibility, thus facilitating their future entry into the labor market. These ARTivities will only be offered at the CFCs because of the need for equipment security and maintenance. Funding will provide for courses and workshops in areas such as radio, television, video, organizing events, marketing, photography, artwork, production, radio or television commentator and disk jockey, illustration, composition, text for the media and for advertisements.
 - e. *Reading.* Reading activities and methodologies will complement school reading and cross-cutting curricula for all ARTivities offered under the program, since they will encourage reading and promote writing. Funding will be provided for story telling and literary workshops that include (i) discussion sessions with authors; (ii) production acquisition of texts; (iii) training for volunteers as story-tellers; (iv) hiring of specialized consulting services; and (v) documentation center and library to facilitate the activities at each CFC.
- 2.11 Preliminary activities that would be financed out of the technical-cooperation funding will be carried out to assist with the implementation of this component. This funding will come from the Japan Special Fund (JSF) (see paragraph 2.31). These activities are described below.
- 2.12 **Assessments.** This action is intended to gather information needed to plan specific ARTivities for execution in each district. The following activities will be carried out to satisfy this objective:
- a. *Resources and social services inventory.* Identify the most relevant public and private social entities in the targeted districts, and describe the general state of their infrastructure and the activities they carry out.

- b. *Inequity Assessments.* Prepare three assessments to identify the most strategic inequities, real or perceived, for reducing, and ultimately eliminating inequalities, inequities and gaps between male and female adolescents, based on gender, racial/ethnic identity, and special needs. The assessments will supply elements to: (i) construct the program baseline; (ii) provide guidance for the ARTivity curricula and training equity contents; and (iii) provide guidance to develop the Secretariat's cultural policy.
- 2.13 **Participatory plans.** Participatory Plans will serve as tools to plan and monitor ARTivities in each district, to ensure that the services offered under the program meet the specific needs and characteristics of communities. During this phase, communities will receive assistance to prioritize ARTivities in each district, and determine which AE facilities are able to participate in the program, commencing with the process of coordinating efforts between the program's social actors. In addition, steps will be taken to begin establishing the program advisory councils, tasked with coordinating and integrating activities, and supporting the Program Management Unit (PMU) to ensure the program reaches children and young people at greater social risk. Funding will be provided for consultants and community participation workshops to advance this process (see paragraph 3.28).

2. Culture Factory Centers infrastructure (US\$7.2 million)

- 2.14 The objective of this component is to build CFCs with spaces for ARTivities and other artistic and cultural activities for the communities in the selected districts.
- 2.15 Financing will be provided for the construction of the CFCs, and procurement of furniture and equipment for ARTivities (which were not planned for the ARTivities component) as well as for preparation of basic and practical projects, and inspection of construction work.

3. Institutional strengthening (US\$1.2 million)

- 2.16 The objective of this component is to help strengthen SEC institutional capacity to enhance the artistic and cultural activities for the population at risk. This component is comprised of four subcomponents: (i) institutional strengthening of the Secretariat of Culture; (ii) monitoring and evaluation; (iii) guidance and continuing training; and (iv) social communication.

a. Institutional strengthening of the Secretariat of Culture (US\$123,000)

- 2.17 The objective of this subcomponent is to build SEC institutional capacity to help develop a public policy for culture based on social and operational equity that will advance coordination with sector policies to increase social inclusion, and improve the quality and efficiency of cultural services.
- 2.18 Technical-cooperation funding will be used to hire consultants, organize workshops and provide technical assistance to support SEC efforts to develop a strategic plan to redirect its activities and redefine its internal organization so as to boost efficiency. The plan will include guidelines to draw up a public policy for culture and its related operational plan, which also calls for a system to evaluate and monitor enforcement. The technical-cooperation funding will also be used to cover the cost of activities to strengthen coordination between the SEC and the CICV, thus improving its comprehensive intersector intervention model.
- 2.19 Under the program, financing will be provided for actions to implement the strategy plan and for the design and implementation of implement a strategy to attract financial resources for the program, enhance the ability to work in partnership with the private sector. Funding will also be provided for activities for raising resources to assure the financial sustainability of program interventions.

b. Monitoring and evaluation (US\$325,000)

- 2.20 The objective of this subcomponent is to design and implement program data, registry, monitoring and permanent evaluation systems for the SEC's Project Management Unit, the Culture Factory Centers and the associated entities. The technical-cooperation funding will finance preliminary activities for establishing a program monitoring and evaluation system that includes the design of a database for the beneficiary roster, the EAs, and art educators, and construction of the base line.
- 2.21 Program funds will be used to implement a program information, monitoring and evaluation system. Specifically, financing will be provided: (i) to implement a master database; (ii) to finish constructing a baseline; (iii) to design and implement a standardized semiannual program monitoring system; and (iv) to design and implement a midterm and final evaluation of results.
- 2.22 *Master database.* This database will be used to evaluate the success of artistic project and activity targeting, estimate program coverage, avoid duplicating interventions, reinforce monitoring of the situation of beneficiaries, and measure action impact. The database will record information concerning direct beneficiaries (children and young people), AE, CFCs, and art instructors. The preparatory work for implementation of the unified system consists of: (i) determining the size and variables for inclusion in the registry; (ii) reviewing beneficiary registries and

databases under existing programs and projects; (iii) designing instruments to gather the required data; (iv) designing technological supports; (v) designing strategies to collect data and identify the players that will help build the registry of beneficiaries; (vi) drafting operating manuals and training those in charge; and (vii) collecting and updating data.

- 2.23 *Program baseline.* Preparation of the baseline will provide an objective description of the target population's situation before the program actually starts. This is a fundamental parameter to evaluate program impact, as it provides data to compare the situation before, during, and after execution of actions. The baseline will be the most significant input to evaluate program impact on beneficiaries, families, communities, and executing agencies (SEC and AE). Quantitative and qualitative methodologies will be used to establish the baseline.
- 2.24 *Standardized semiannual program monitoring system.* This system will be designed and implemented with a view to continuously verifying program performance, establishing goals, verifying their compliance, organizing execution, improving management, assessing the real cost of service delivery, and identifying results and lessons learned. The system will also link budget goals, physical goals, coverage goals and the results for each project and on an aggregate for each component, and generate information regarding quality (timeliness, use, appropriateness) of program services and offerings. In order to launch this system, work has begun on creating a program intervention *monitoring matrix*, containing process indicators, coverage, products, results, quality of the ARTivities and context, at the component, subcomponent and activity levels for each artistic discipline.
- 2.25 *Midterm evaluation.* Midway through the program, the performance of the PMU, the SEC, and ARTivities under each artistic discipline taken from a cross-section sample of AE and CFCs, will be evaluated against the logical framework indicators (Annex II-1). The evaluation will also identify specific aspects that need to be monitored frequently and addressed upon completion of the program. The evaluation will include: (i) institutional aspects and execution mechanisms; (ii) economic and financial management; (iii) cost structure; and (iv) compliance with goals and objectives for each component and subcomponent.
- 2.26 *Final evaluation.* A final evaluation upon completion will measure program results. In addition to the results and impact indicators identified during the baseline design phase, policy indicators such as relevance of the program strategy, institutional innovation, assimilation, ownership and sustainability, will be used.

c. Guidance and continuing training (US\$280,000)

- 2.27 The objective of this subcomponent is to provide guidance to the different stakeholders involved in program execution and to bring about a dynamic and permanent improvement in the quality of ARTivities and care provided to beneficiaries and their families, through awareness of and training in social issues.

In the specific case of the AE, the idea is also to facilitate compliance with program registration and monitoring tasks, promote social equity based on gender, and racial/ethnic diversity. Training also seeks to promote inclusion of children and young people with special needs. Training will provide AE with tools to help children and adolescents deal with issues such as managing conflict without violence, child abuse, domestic violence, interpersonal relationships, self-esteem, teen pregnancy, civic responsibilities and rights.

- 2.28 This will be supported by guidance and training modules, designed and implemented with loan proceeds, to mentor people involved in program execution. Five continuing training modules in the following topics will be offered: (i) social risk; (ii) discrimination; (iii) teaching skills; (iv) technical and artistic development; and (v) recording, monitoring and evaluation. Art instructors will be trained in all five modules and will be tasked with tracking improvements in beneficiaries' artistic skills performance. AE personnel will only be trained in the first two modules and the last one, which are needed to hone their skills in providing comprehensive support to beneficiaries and to monitor their psychosocial and socio-affective development.

d. Social communications strategy (US\$500,000)

- 2.29 The objective of this subcomponent is to ensure beneficiaries and their families are aware of the program characteristics, benefits, range of activities offered at the AE and CFCs, and to make the results known. The social communications strategy to be designed with loan proceeds shall comprise: (i) an awareness campaign; and (ii) an information campaign.

F. Cost and financing

- 2.30 The program will cost approximately US\$30 million, of which the Bank will finance US\$20 million (67%) from the Ordinary Capital (OC) resources, and the local counterpart funding will cover the remaining US\$10 million (33%). The borrower will use the additional proceeds in accordance with the 70%-30% matrix (Table II-1).

Table II-1: Cost estimate (in thousands of dollars)				
Expense category	Total	Financing		%
		IDB	Local	
1. Administration	2,225	939	1,286	7.4
1.1 Program Management Unit (PMU)	1,025	39	986	3.4
1.2 Management Company	1,200	900	300	4.0
2. Direct Costs	26,012	17,878	8,134	86.7
2.1 Artistic and Cultural Activities	<i>17,582</i>	<i>11,102</i>	<i>6,480</i>	<i>58.6</i>
2.2 CFC infrastructure	<i>7,202</i>	<i>5,656</i>	<i>1,546</i>	<i>24.0</i>
2.3 Institutional strengthening	<i>1,228</i>	<i>1,120</i>	<i>108</i>	<i>4.1</i>
2.3.1 SEC institutional strengthening	123	107	16	
2.3.2 Monitoring and evaluation	325	270	55	
2.3.3 Guidance and continuing training	280	267	13	
2.3.4 Social communications	500	476	24	
3. Financial costs	500	200	300	1.7
3.1 Credit fee	300		300	1.0
3.2 Inspection and supervision	200	200		0.7
4. Contingency	1,063	801	262	3.5
5. Audits	200	182	18	0.7
Total	30,000	20,000	10,000	100

- 2.31 The Bank approved a technical-cooperation project (ATN/JF-8327-BR) in an aggregate amount of US\$562,600 so that the program preliminary activities could get under way in June 2003. The sum of US\$450,080 was furnished by the Japan Special Fund.

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The state of São Paulo is the borrower, and the Government of the Federative Republic of Brazil the guarantor. The SEC is the program executing agency. It will report to the Bank through a PMU attached directly to the Office of the Secretary of State for Culture. Fundação Sistema Estadual de Análise de Dados [State Data Analysis System Foundation (SEADE)] will work closely with the executing agency in its capacity as coexecuting agency in monitoring and implementing the program and in preparing its evaluations. **As a condition precedent to the first disbursement, an agreement or contract for joint execution of the program must have been signed between the borrower, through the executing agency, and the SEADE Foundation.**
- 3.2 Program execution shall be governed by the provisions of the operational requirements contained in the Operating Regulations (OR) agreed with the Bank, and by the rules and procedures set forth in the loan agreement and its annexes.

B. Operating Regulations

- 3.3 The operational aspects, eligibility criteria, administration and financing of program activities, shall be governed by the terms of the Operating Regulations. The information contained in these regulations includes: (i) the composition, organization, personnel and functions of the PMU, including the CFCs; (ii) AE eligibility and selection criteria, and nature of their participation during program execution; (iii) the procedures and responsibilities of all program interlocutors and consultants; (iv) the disbursement mechanism; and (v) execution procedures for all program components and subcomponents.
- 3.4 The following documents are annexed to the OR: (i) monitoring matrix; (ii) logical framework; (iii) model AE contract; (iv) draft commodatum between the SEC and the State Housing and Urban Development Corporation (CDHU) for the CFC properties; (v) equipment by theme area; (vi) targeting methodology and vulnerability index and (vii) eligible ARTivities and duration. **As a special condition precedent to the first disbursement, the OR must be in force.**

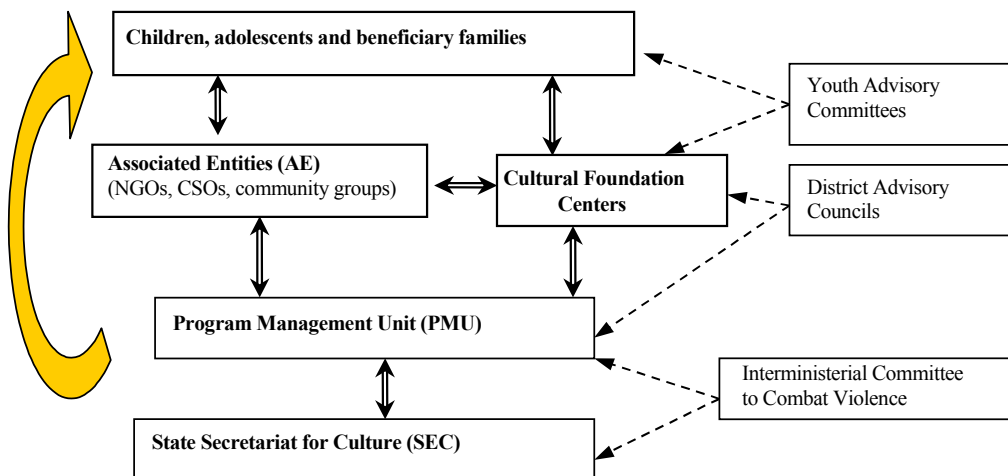
C. Execution structure

- 3.5 ARTivities will be provided to beneficiaries in one of two ways: (i) through contracts with the AE chosen in each district; and (ii) direct interventions at the CFCs. Moreover, there will be three advisory and social control bodies as shown in Diagram III-1.

1. State Secretariat for Culture

- 3.6 The State Secretariat for Culture (SEC) was established in 1983 to promote culture, preserve the customs, institutions, spiritual and moral values of Brazilian society, contribute to the development of artistic activities and human sciences, and promote educational and cultural activities. In addition to the Cabinet of the Secretary and the specialized committees, the SEC has four Departments (Cultural Training, Cultural Activities, Museums and Archives, Arts and Human Sciences). The SEC draws professionals from these Departments into multidisciplinary teams to work on specific projects, but retains decision-making and operational autonomy with respect to interventions. Other agencies affiliated with the SEC (São Paulo State Symphonic Orchestra, Dr. Carlos de Campos de Tatuí Drama Conservatory and Museum, São Paulo State Archives, Latin America Memorial Foundation, and Padre Anchieta Foundation), work in close coordination with the SEC, but with their own budgets. SEC officials are supported by contractors—qualified, experienced professionals such as art educators—hired for specific functions.

Diagram III-1: Execution Plan



2. Program Management Unit

- 3.7 The PMU will be established under the SEC and report directly to the office of the State Secretary for Culture. The officers include a General Coordinator—the Assistant Secretary of the SEC—and an Executive Coordinator financed by the program. The PMU will comprise five executive Directorates: (i) Administration; (ii) Budget and Finance; (iii) Technico-Cultural; (iv) Monitoring and evaluation; and (v) Institutional relations. The OR describes the PMU organizational chart, and general and specific functions of the professionals and technicians assigned to the unit. **As a special condition precedent to the first disbursement, the PMU must demonstrate to the Bank that the Executive Coordinator has been hired.**

- 3.8 With a view to securing technical and administrative support for the PMU, the SEC shall execute a contract with a firm of consultants specialized in management of programs financed by multilateral agencies, in accordance with Bank policies and procedures. The principal functions shall include, among others: (i) prepare bid documents and support the entire bidding process; (ii) select and retain the services of consultants; (iii) administer civil works; (iv) assure physical and financial supervision; and (v) prepare the relevant reports required under the loan agreement.

3. Culture Factory Centers

- 3.9 The program calls for the creation of a CFC in each of the nine targeted districts, pursuant to a resolution passed by the Secretary of State for Culture. These CFCs will function as agencies of the SEC reporting to the PMU, to provide support for program execution and supervise the activities in their respective districts. Not only will CFCs serve as community centers where ARTivities will be available to beneficiaries, they will also offer a venue for families and the community to enjoy concerts and art exhibitions.
- 3.10 The CFC will arrange ARTivities in all art fields, focusing especially on those requiring technical equipment and musical instruments. The CFC will also: (i) coordinate cultural activities under the program with those arranged by the municipality, schools, and AE; (ii) obtain the support of other entities and the community, for organizing cultural events; (iii) publicize ARTivities and results of interventions in the district, as part of the information campaign; (iv) support the AE beneficiary registration and monitoring work; and (v) help supervise AE interventions to ensure quality. Each CFC will have its management team administer activities in the district, in accordance with PMU guidelines. The main duties include encouraging the community to participate, ensuring that scheduled ARTivities take place, and documenting execution progress in the district. The CFC Director shall be actively involved and report to the District Advisory Council on actions carried out. The OR describe the CFC organizational chart and functions.

4. Associated entities

- 3.11 Associated entities (AE) are nonprofit or community organizations working with children and young people, accepted by the community, and deemed eligible to participate in program execution.
- 3.12 The SEC shall contract the services of AE, and their chief responsibilities shall be: (i) to provide and maintain the physical premises where ARTivities are offered, essentially in the areas of performing arts, visual arts, reading and music—provided all participants do not need instruments (e.g., choirs); (ii) to assist the SEC and the CFC to register beneficiaries, collect data for subsequent activity follow-up, and assess beneficiaries' performance; (iii) to attend training sessions provided under the program; (iv) to select a representative to sit on the District Advisory Council and coordinate actions with other local sectors such as cultural event organizers;

and (v) to encourage participation by families and the community in artistic and cultural events held in the district. ARTivities will commence at each AE once a contract has been signed between the SEC and the corresponding AE.

- 3.13 To be eligible, an AE must have: (i) legal status (ii) at least two years' experience working with children and/or adolescents in the area; (iii) physical premises that are suitable or may be reasonably adapted to hold ARTivities; and (iv) community acceptance during the participatory planning process.
- 3.14 The AE selection criteria are that it must: (i) offer services in a sector shown in the census to have a great concentration of homicides among young people aged 15 to 19 years; (ii) offer services in a sector shown in the census to have low social and cultural supply; and (iii) offer services in a sector shown in the census to have higher population density. The first two criteria will be assigned greater weighting. The PMU will work with the Program Advisory Council to select the AE once it has the participatory plan agreed by the community of the corresponding district.
- 3.15 The service agreement between the SEC and the selected AEs must list the obligations for both parties, the right of the SEC and the Bank to inspect the facilities and activities at any time, and the penalties for noncompliance. It will further specify that the compensation due the AE for services rendered consists of two components. The first, in an amount not to exceed US\$13,700, will be earmarked to refurbish the premises where the cultural activities will be offered, in accordance with SEC guidelines. The second, in an amount not to exceed US\$1,000 per contract, shall be used to comply with the AE obligations, consisting of: (i) providing the equipment needed for the different activities; (ii) purchasing the related materials; (iii) covering administrative expenses to meet the previously mentioned registration and monitoring obligations; and (iv) ensuring that AE personnel attend training courses organized under the program. A model contract between the SEC and the EA is annexed to the OR.
- 3.16 To ensure that ARTivities offered at AE are of high quality, the service agreement with these entities provides that resources will be made available to expand or reform premises to accommodate the types of activities planned. Before commencing infrastructure rehabilitation work pursuant to the agreement, the AE shall provide evidence that it owns, leases or was granted usufruct of the physical premises, and has the owner's written authorization to proceed with the rehabilitation. Before approving any rehabilitation work, the PMU infrastructure specialist will conduct an on-site inspection of the premises and prepare a report on the technical viability of the rehabilitation work requested by the AEs selected pursuant to the OR criteria. The specialist will be accompanied by a PMU cultural specialist who will confirm that the existing infrastructure is suitable for the specific needs of each artistic activity. Eligible forms of rehabilitation are described in the OR.

5. Beneficiary children, adolescents and families

- 3.17 Children and adolescents may participate in the ARTivities, including courses and workshops offered as cultural events. Adolescents chosen by the community may participate in the program as advisors (in the youth advisory committees) and play a social control role for program activities. The families of these children and young people will participate in the work of the district participatory plan and make up the District Advisory Council (paragraphs 3.19 and 3.28).

6. Interministerial Committee to Combat Violence

- 3.18 The Interministerial Committee to Combat Violence (CICV) consists of representatives from nine state Secretariats (including the Secretariat for Culture) and other state bodies. Its objective is to combat violence through delivery of comprehensive social services in selected areas of intervention (see paragraph 1.10). Given its purpose to develop integrated and coordinated actions between member Secretariats, under the program, the Committee will fulfill an advisory role to coordinate all sectors so as to provide a comprehensive response to community needs and enhance the impact of artistic and cultural interventions.

7. District Consultative Councils

- 3.19 A District Consultative Council will be created in each district no later than six months following presentation of the participatory plan to the PMU. These Councils shall be established pursuant to a resolution approved by the state Secretary for Culture, tasking them with oversight over the appropriate conduction of ARTivities and other Program interventions offered through the AE or CFCs. The Councils shall be made up of one representative for each: (i) the PMU: the CFC district director, appointed secretary of the Council; (ii) the local school principal; (iii) the health care center director; (iv) the District Public Safety Council; (v) cultural advisor to the district sub-prefecture; (vi) District Business Association; (vii) AE participating in the program; (viii) State Council for Women; and (ix) youth advisory committee.
- 3.20 The Council will, among other things: (i) publicize program actions and encourage community participation; (ii) ensure coordination with local organizations; (iii) assist in program activity planning (socio-educational activities, events, etc.); (iv) keep the community informed on the status of actions built into the participatory plans; (v) oversee management of the district CFC through semiannual reviews of the supporting reports on physical and financial inputs used for activity implementation; and (vi) inform the PMU on AE progress on program actions. The Council will meet every two months.

8. Youth advisory committees

- 3.21 A youth advisory committee will be established in each district, to represent the AE beneficiaries, provide social control, and ensure responsiveness to community

priorities. A representative will be elected within each AE by assembly vote. Members, selected by consensus at the first events, will help design the participatory plan and sit on the District Advisory Council.

- 3.22 The youth advisory committees' main functions will be: (i) to promote cultural activities in their community and identify situations for improvement; (ii) to play an active role in designing and monitoring compliance with participatory plans; (iii) to identify situations the program must improve to increase participation and make sure interventions have an impact on young people; (iv) to receive complaints from beneficiaries and communities concerning program shortcomings, and relay them to the PMU; and (v) to propose solutions to problems and follow up on their implementation.

D. Period of execution and disbursements

- 3.23 The program has an expected six-year execution period, with the following tentative disbursement schedule:

Table III-2 Schedule of disbursements							
(US\$ thousands)							
Expense	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
Administration	256	347	466	466	406	284	2,225
Direct costs	2,834	4,088	5,632	5,414	5,001	4,806	27,775
TOTAL	3,090	4,435	6,098	5,880	5,407	5,090	30,000
%	10.30	14.78	20.33	19.60	18.02	16.97	100

- 3.24 A revolving fund equivalent to 5% of the loan amount will be established because of the nature of the program and the diversity of its actions.

E. Execution by component

1. Artistic and cultural activities

- 3.25 The PMU will be in charge of carrying out this component. To this end, it will engage: (i) specialized consulting work to provide ARTivity offerings at CFCs and AEs; (ii) the services of AEs to host ARTivities; and (iii) the outfitting of the CFCs equipment. Equipment to be procured with loan proceeds include overhead projectors, musical instruments, vehicles, computers, and any specialized equipment needed to carry out and monitor artistic and cultural activities at the CFCs. The OR lists the planned equipment.
- 3.26 *Inventory of resources and social services.* The technical-cooperation funding will fund mapping by SEADE of existing entities and resources by district. The list will cover civil society organizations, schools, health care centers, São Paulo Municipal Prefecture Cultural Centers, religious organizations, and other entities delivering

social services to children and young people. It will also include a description of the services provided by public and private entities, and information on the communities they serve and the physical, human, budgetary, and other resources available. Lastly, the inventory will gather information on the type of artistic and cultural activities organizations are capable of providing. This will serve to pre-qualify potential participating AEs. The final output will be a map of existing resources and entities in each district.

- 3.27 *Evaluation of inequities.* Using TC funding, the PMU will hire expert consultants to conduct three specific assessments relating to gender, racial/ethnic background, and physical and/or mental disabilities in each program-eligible district. These instruments will identify and analyze the scope of these inequities, and make some specific recommendations on actions to ensure that the most excluded groups participate in ARTivities, and to prevent any form of discrimination. The SEC also intends to incorporate this perspective in its cultural policy. The diagnostic work will use quantitative data from district censuses and official education, health and employment records, and qualitative data from focus group discussions with beneficiaries (children and young people), AEs and art instructors in each of the nine districts selected for program intervention. The focus groups will help shed light on the views, perceptions and attitudes of young people themselves, inequalities relating to gender, racial/ethnic background, and disabilities, as well as their awareness about these exclusions. This information will be one of the very first program actions to be incorporated into the baseline.
- 3.28 *Participatory plans.* Once the inventory and district-based evaluation of inequities are ready, and before launching the artistic and cultural activities, the PMU will use the TC funding to hire a specialized firm to identify priorities and develop a participatory plan for each of the nine program districts. Participatory plans will contain the following information: (i) list of ARTivities demanded by the community (by area of expression, indicating whether they will be offered by an AEs or CFC); and (ii) AEs selected to serve under the program. ARTivities will be scheduled for all program execution years, stating whether they will be offered at a district AEs and/or CFC. Plans will be reviewed annually, with inputs from the PMU, District Advisory Council and district youth advisory committee, to make any necessary adjustments taking into account changes in priorities and the emergence of new cultural offerings. ARTivities will commence in each district once the corresponding assessments and participatory plans have been completed.
- 3.29 The firm will: (i) at the outset, present to the PMU its planned participatory methodology to attain the desired output; (ii) organize participatory events and manage event logistics; (iii) convene participants (representatives of district communities, young people, families, eligible AE in the intervention area, local public agencies, the Interministerial Committee, the cultural advisor of the relevant sub-prefecture, the district CFC director or program coordinator); (iv) process the data gathered at these events; (v) present preliminary results to the participants to

ascertain there is agreement on the assessment; and (vi) submit the final document to the PMU.

- 3.30 *ARTivities*. The SEC shall be responsible for the artistic and cultural activities contained in the participatory plan. Consultants with expertise in each form of artistic expression will design the ARTivities. Art instructors with expertise in each form of artistic expression endorsed by the program will be hired to run the ARTivities at both the AE and CFCs. SEC supervisors will oversee the art instructors' performance. The PMU will hire the art instructors, with two professionals for each AE, on average. Artistic and cultural activity products will be exhibited at multiple events, either at the closest CFC or at the AE where the ARTivity was carried out.
- 3.31 Initially, ARTivities will be executed through the AE, gradually adding activities offered at CFCs as these become operational. In addition to courses, CFCs will offer many other artistic activities of short duration, such as workshops, exhibitions, concerts and other cultural shows. Each AE is expected to offer two kinds of ARTivities, split into courses. The OR describes the duration, frequency and characteristics of the ARTivities.
- 3.32 Art instructors hired to teach ARTivities to beneficiaries, at AEs or CFCs, must demonstrate their ability to work with populations at social risk, that is young people with problems such as drug use, low self esteem, aggressive behavior, and lack of motivation. In general, they must meet the following criteria: (i) technical knowledge of the artistic sphere for which they have applied; (ii) proven teaching experience (formal or informal); (iii) proven experience in the social field; and (iv) awareness of cross-cutting topics relating to gender, and racial/ethnic equity. Other skills that will be considered are leadership, communications, team work, flexible and innovative attitude, and the ability to combine theory and practice.
- 3.33 ARTivities will be offered year round at CFCs, on a continuous schedule. Some short duration activities will be added in the school vacation months to attract more beneficiaries and fill their leisure time more constructively. The SEC is expected to enter into an agreement with the "*Renta Ciudadana*" [low-income] and "*Renta Mínima*" [minimum income] programs to provide transportation for beneficiaries to further encourage their participation at ARTivities offered at the CFCs.

2. Infrastructure of Cultural Factory Centers

- 3.34 Specialist consultant firms will be hired to execute this component. CFCs will be built in districts and localities agreed with the Bank, based on the criteria for selecting the properties in areas close to public transport, with lighting and relatively low levels of violence. New infrastructure may only be built on state-owned land, and may not be taxed, mortgaged or sold. A project firm will be retained to draw up the CFC executive projects. The basic and executive projects of the first two CFCs shall be forwarded to the Bank for analysis before issuing the

invitation for bids. The infrastructure investment will amount to approximately US\$800,000 including projects and inspection. A firm will be hired to oversee CFC construction work. All CFC construction work will be performed in four years from the effective date of the loan contract.

- 3.35 CFCs will offer visual arts, performing arts, theatre, multimedia and reading ARTivities, in addition to providing exhibition spaces, and a meeting place for beneficiaries and community members. They shall have at least two soundproof rooms for music lessons, one auditorium for cultural events, one exhibition hall, and several smaller rooms for ARTivities. They shall also have suitable space for dressing rooms, a cafeteria, administrative offices and cleaning facilities. Each CFC is expected to have a total covered area of 2,300 sq. meters. Funding will be provided to train staff in the correct maintenance and physical operation of the facilities.
- 3.36 The borrower, through the executing agency, will gradually assume the cost of ensuring proper operation of the CFCs and their activities (consultants, maintenance and out-sourced services). From year two of the program, or 12 months after the first disbursement, the proceeds of the Bank financing will be used to cover 100% of these costs. Starting in year three, 50% of these costs will be funded and by year five all CFC operating costs will be covered by the local counterpart. Before year six of the program, the borrower will be required to demonstrate to the Bank that its proposed budget provides sufficient funding to finance the CFC operating costs.

3. Institutional strengthening

a. Subcomponent 1. SEC institutional strengthening

- 3.37 The SEC strategic plan will define policy guidelines and the operating plan. A specialist-consulting firm will be hired to develop the strategic plan, and five one-day workshops will be held, of which one will be general and four sector. Funding will also cover elaboration of a document focusing on strategies, timetables and monitoring indicators for the plan.
- 3.38 In year one, a consultant firm will be hired to design a fund raising strategy to increase the financial sustainability of program interventions, especially those carried out by the CFCs. The consultants will assist the SEC to execute agreements with the private sector to fund events and other activities on a regular basis. Strategy progress and results will be measured by both the intermediate and final evaluation. (see paragraphs 3.45 and 3.46).

b. Subcomponent 2. Monitoring and evaluation

- 3.39 Responsibility for this will fall to SEADE, as coexecuting agency. The following activities are planned: (i) taking an inventory of resources and social services; (ii) conducting a survey of living conditions (SLC); (iii) constructing a baseline; (iv) designing and conducting surveys, processing beneficiary registration data and

secondary data for use in the midterm and final evaluations; (v) developing and implementing the master database; and (vi) developing a monitoring system and any other type of social information analysis required for the program.

- 3.40 Implementation of this subcomponent will begin once the following initial activities have been completed: (i) designing software for the monitoring and evaluation system; (ii) designing and running a pilot test of the system data entry circuit; (iii) designing and running a pilot test of beneficiary, AE, and art educator registration files; (iv) designing a master database; and (v) extending the sample, designing the module, and conducting the survey of living conditions (SLC).
- 3.41 The dimension of social, gender, and racial/ethnic equity, and equity for persons with physical and mental disabilities will be taken into account in designing indicators and instruments, and analyzing survey and evaluation data. SEADE will design, implement and maintain the master database, the baseline and the evaluation system, outsourcing the intermediate and final evaluations, by hiring universities, centers of learning, expert consultants, or groups of experts brought together for this purpose.
- 3.42 *Master database.* The master database will pool the records of beneficiaries (children and young people), AE, CFCs, and art instructors. All registration forms will be designed and ready for use before ARTivities begin. The forms must contain ARTivities and social-emotional performance indicators, and any other information to facilitate monitoring and evaluating the child's and adolescent's progress. It will also contain the census question on racial/ethnic self-identification for later disaggregated analysis of evaluation data to document existing racial/ethnic gaps and inequities. The AE records shall contain updated information on program activities, coverage, attendance by children and adolescents, budgetary disbursements, civil work, equipment and materials. The OR describes the data to be recorded in each case. SEADE will maintain and update the database, making it available to the PMU, and will train AE, CFC and SEC personnel in correct data collection procedures. Data entries and the updating of the three registries may be done online, or using other media such as sending diskettes from the agencies, or remitting the forms for SEADE to centralize data entry.
- 3.43 *Baseline.* The program baseline will be mapped in the first six months of operations. The initial mapping and later updates will require information from different sources to be collected, processed and triangulated, to subsequently provide feedback on program results and impacts. SEADE will be tasked with activities such as: (i) the design of samples and questionnaires, data collection (through SLC specific module and expanded sample to gather data relevant to the program, beneficiary registry, AE and art instructor records, resource mapping); (ii) the design of questionnaires and methods to collect information on social and emotional aspects and performance of children and art instructors, for use by experts, trainers or AEs; (iii) the processing of information generated under the program such as assessments, participatory plans and the SEC strategic plan; and

(iv) the processing of secondary data from censuses, education, health, and security systems. The OR describes the activities planned for establishing the baseline.

- 3.44 *Intermediate evaluation.* The midterm evaluation will be performed when one half of the program resources have been disbursed. SEADE will again use the SLC, applying the ad hoc sample framework and the program-specific module to the general population and the beneficiaries, to gather information for the midterm evaluation. The outside firm will conduct the evaluation in accordance with the terms of reference agreed with the Bank, design any requested tools, carry out the survey, process, organize and analyze the data, and draft a final report in the required format, drawing conclusions and recommendations. The OR describes the firm's specific activities and duties.
- 3.45 *Final evaluation.* The final evaluation of results will begin following disbursement of 90% of program resources. SEADE will yet again use the SLC, applying the ad hoc sample framework and the program-specific module to the general population and the beneficiaries. The firm hired for the evaluation: (i) will use and process the questionnaires and other tools designed by the experts to survey socio-affective aspects and the performance of children and art instructors; (ii) compare data from the assessment and participatory plan baselines, inequity evaluations, SEC strategic plan assessment; and (iii) process secondary information.
- 3.46 *Ex post impact evaluation.* As indicated in previous paragraphs, the program intends to measure a dynamic baseline containing impact indicators, and perform two evaluations, a midterm and a final one to gauge program results at the conclusion of the operation. The São Paulo state government decided against an ex post evaluation using program funds, because a final evaluation of results is programmed, and because it implies carrying outstanding funds for several years following the end of execution of these interventions. Nonetheless, the system evaluation design will generate the necessary information for any future program impact evaluation.
- 3.47 *Semiannual monitoring system.* The PMU will be in charge of this system, and of its design and execution. Three months into the program, the design will be completed and the system launched. A contract will be entered into with an expert consulting firm to develop the system. The matrix of indicators for the semiannual program monitoring, with the categories assigned to each component and subcomponent, takes account of the logical framework indicators. The monitoring system, using process, coverage, product, results and context indicators, will report on program execution progress and compliance with program milestones at the component level, the aggregate level, and for each area of intervention. The semiannual reports shall have one section to review and document progress with respect to gender, and racial/ethnic equity. The OR provides a description of specific activities.

c. Subcomponent 3. Guidance and continuing training

- 3.48 The SEC will be responsible for execution of this subcomponent. PMU staff will manage guidance activities directly, whereas continuing training will be outsourced to a specialized firm. The contract with this firm of consultants will include training design and delivery, contracting trainers and professionals, per diems, transportation, leasing of premises and purchase of support material. The firm will be selected on the basis of technical criteria and will factor in instructor quality and expertise in each technical area. The firm must submit a comprehensive continuing training plan, execute it, and design and put in place a results evaluation mechanism in coordination with designated PMU personnel, including an ex ante and ex post training evaluation. It will also process the results and submit the pertinent reports.
- 3.49 Gender and racial/ethnic equity perspectives will be cross-cutting components of the guidance and training activities. The contractor will therefore: (i) develop specific gender and racial/ethnic equity contents to incorporate these issues in the artistic and cultural schedules of content. This will be achieved through training workshops for the art instructors; and (ii) incorporate gender and racial/ethnic equity issues in the methodologies and instruments used for all training offered under the program.

d. Subcomponent 4. Social communications

- 3.50 To execute this component, the PMU Institutional Relations Department will hire consultants that specialize in awareness and information campaigns. Since the communications strategy must include the gender and racial/ethnic equity approach, the consultant firm hired will be one that recommends that it be fully included, emphasizing the key contents to ensure fair participation for beneficiaries of both sexes and all racial/ethnic groups.
- 3.51 The awareness campaign will begin at the same time as the diagnostic work and development of the participatory plan listed under component one. The campaign will publicize the ARTivities and the benefits to be reaped by participants. This should promote demand for all forms of expression, including those the community has been least exposed to. The awareness campaign will target the beneficiary population, their families, as well as schools, churches and community organizations. Because of the diversity of the public, the campaign will use several media, such as: (i) community radio; (ii) weekly Rede Vida TV program; (iii) quarterly magazine; (iv) periodical appearance of program representatives and beneficiaries in the main media; and (v) special bulletins enclosed with neighborhood publications and billboards in areas of heavy local traffic.
- 3.52 Beneficiaries will participate in the communication campaign, and their numbers will increase as program execution progresses. They will be shown on brochures and other promotional material. The program will have its own internet portal to interconnect all CFCs. The site will have a digital magazine for children and

adolescents to post their articles, while giving them an opportunity to practice their web page design skills. At first, the web page and digital posting will be managed from the SEC cultural offices, but once the CFCs are built, the work can be done at computers in these facilities. Each CFC will also have radio broadcast capabilities within range of the community that will be operated by the beneficiaries.

F. Procurement of goods and services

- 3.53 Goods and service contracts will be procured in accordance with Bank policies and procedures. International competitive bidding will be required for civil works in amounts equal to or in excess of US\$5 million, for goods in amounts equal to or in excess of US\$350,000, and service contracts in amounts exceeding US\$200,000. Price will be used as a selection criterion for service providers, following the procedures established in document GN-1679-3. When selection is based on technical quality and price, the weighting of the price criterion must not exceed 20% of the selection factors. To streamline program execution, an ex post evaluation will be used for procurement of less than US\$100,000 in the case of goods, less than US\$50,000 in the case of individual consultant contracts, and less than US\$100,000 in the case of consulting firms. The procurement plan and the applicable procedures for the procurement of key goods and services are presented in Annex III-1.

G. Accounting and external audit

- 3.54 The Bank will require the SEC: (i) to prepare and present disbursement requests and supporting documentation for expenses; and (ii) to maintain appropriate accounting and financial records, and an internal control system over financial transactions funded with program resources, in accordance with general Bank practices. The system must be organized in a manner to provide supporting documentation to verify transactions and facilitate the timely preparation of financial statements and reports.
- 3.55 The borrower must submit to the Bank within 120 days following the end of each fiscal year, the financial statements of the program and SEADE, audited by an independent firm of auditors approved by the Bank in advance. The audit must be conducted in accordance with the terms of reference (document AF-400) and Bank requirements (documents AF-100 and AF-300). The firm of auditors will be selected and retained in accordance with Bank procedures (document AF-200). Audit costs will be financed with the loan proceeds from the Bank.
- 3.56 Before holding the program startup workshop, the Country Office will organize an orientation session on management, audit and procurement for projects funded by the Bank, for SEC technical personnel to learn about Bank requirements and procedures for these operations.

H. Inspection and supervision

- 3.57 The Country Office will inspect and supervise program execution on behalf of the Bank, reviewing the semiannual execution reports and progress reports on meeting the logical framework milestones.

I. Investment maintenance

- 3.58 The borrower, through the SEC, will make every effort to take such steps as are necessary to ensure that (i) the works carried out under the program are properly maintained and kept operational for a period of four years from the date of the last disbursement, at a level compatible with the services to be provided, and in accordance with acceptable technical standards; (ii) equipment procured under the program is maintained in good working order during project execution, at a level compatible with the services to be provided; and (iii) progress reports on the status of the works and the equipment are submitted to the Bank in the first quarter of each year in the years following completion of the first program works.

IV. BENEFITS, VIABILITY AND RISKS

A. Benefits

- 4.1 The artistic and cultural activities offered under the program are expected to provide significant benefits both to the direct beneficiaries and to their families and community. As shown in Table I-2, these activities and courses not only develop artistic skills, but have a positive effect on children's scholastic achievement, reintegration in the education system, improve their means of expression, increase their self-esteem, their social skills, lower aggressive behavior, and help them build a project of life. The activities also impact the family's appreciation of children, and improve family relations. Communities benefit from the establishment of new social networks, better coordination between public entities at the local level, and cultural events.
- 4.2 Construction of CFCs in the outlying areas of the SPMP is also expected to help integrate and improve relations between community, family, and children and young people, by concentrating activities and promoting the integration of many areas of artistic expression and cultural events. The CFCs will be the venue for a wide range of courses, many of them complementary, allowing students to be active in different areas over time, with some even becoming professional artists. SEC instructors who have taught at *cultural workshop* centers believe that courses have a greater impact on children when students have the opportunity to access more than one form of art instruction. The CFCs will become cultural references for local neighborhoods, and community centers insofar as they offer a variety of events for the beneficiaries, their families, and the community in general.
- 4.3 Lastly, construction of CFCs will help offset the disparity existing between the cultural services infrastructure in the SPMP outskirts and the city center. A quality assessment of socio-cultural projects currently offered by the SEC showed they tend to replicate the poverty of the areas they serve. For example, artistic teaching facilities and conditions on the outskirts of the SPMP are not as good as in the city center, making the work of instructors more difficult and challenging. Furthermore, violence and precarious school conditions often force them to assume social and other responsibilities such as teaching children to read so that learning artistic disciplines becomes possible.

B. Socio-economic viability

- 4.4 The economic evaluation identified the direct benefits resulting from the most important interventions because of their impact and bearing on program budget.⁹ Relying on existing evidence (see Table I-2), the program takes the approach that artistic activities play an important part in improving school performance—especially in language and mathematics—and learning social and artistic skills, valuable assets for eventually entering the labor force. Then there are benefits associated with better school attendance and years of schooling, which in themselves will help augment economic revenues in adulthood. The beneficiaries' future income will also increase as a result of the program's effect on reducing aggressive behavior and teaching and developing: (i) artistic skills; (ii) a project of life; (iii) self-esteem and self-assurance; and (iv) oral and written expression.
- 4.5 Lastly, there are benefits associated with greater income resulting from: (i) a 1.3-year average increase in schooling for prospective beneficiaries in all program intervention districts; (ii) improved scholastic achievements for prospective beneficiaries in mathematics (37.8% to 48.3%) and Portuguese (41% to 44.3%); (iii) a drop in number of young people that neither study nor work from 6% to 3.5%; and (iv) an increase in activity rate from 51% to 58.3% and a fall in unemployment figures for mothers with children aged 7 to 14 years who do not go to school (from 29% to 12.5%).
- 4.6 Based on the estimated benefits, and the projected cost of the program, the economic evaluation shows an internal rate of return of 24% over a 10-year period (execution plus four additional years). When these internal rates of return are compared with current interest rates (8%) and after discounting an alternative investment, the program's rate of return is seen to be three times what the alternative would be expected to produce.
- 4.7 An analysis of CFC recurring costs showed that it was more efficient to have smaller facilities than originally proposed (area was reduced from 3,500m² to an average of 2,300m²). Demand was assessed, and a study of alternative types of execution concluded that the AEs were on too small a scale to meet demand. Fragmented supply would wipe out the benefits of economies of scale and hinder administration. It was also concluded that to satisfy the particular characteristics of this demand, it would be more efficient to have smaller centers, and to locate one in each district served by the program, rather than to build them in only five large centers as originally planned. This calculation took account of the costs associated

⁹ The evaluation was based on quantitative data from PED 2001 and 2002 surveys conducted by Fundación SEADE, and the year 2000 IBGE Population Census. It also used data on Portuguese language and mathematics performance for young people attending municipal schools. The program economic rate of return calculation does not take into account the number of benefits that were identified but not quantified. These include: (i) a drop in teenage pregnancies; (ii) lower homicide rate; (iii) a reduction in crime against property; and (iv) an improvement in the beneficiaries' social capital.

with construction (cut by half with respect to the original proposal), administration and transport.

C. Institutional and financial viability

- 4.8 An institutional analysis of the SEC conducted as part of the program design phase concluded that the SEC has: (i) good technical and management staff; (ii) ample experience in the execution of socio-cultural projects with interventions similar to those that will be financed by the program; and (iii) a good track record, as evidenced by the expansion of its projects and its excellent budget execution.
- 4.9 The institutional viability of the program was carefully reviewed during the design phase, not only in terms of execution time, which was set at five years, but also in terms of sustainability of interventions and planned institutional changes. The review focused on the main institutional aspects that would affect program execution.
- 4.10 The program is broadly supported by the São Paulo state government, in particular the Governor, who stated that *social inclusion* is a key component of the government plan. The fact that this is a newly elected administration that should remain in power for at least four years decreases the risk of major execution delays caused by changes of government. Moreover, the program is known and supported by representatives from several state secretariats and other agencies, such as the Municipality of São Paulo, because they were consulted and involved in designing the operation.
- 4.11 In addition, the PMU will report directly to the Office of the Secretary for Culture, and the position of General Program Coordinator will be held by the Assistant Secretary for Culture, to ensure that executive decisions are taken in a timely manner. Lastly, with a view to being fully responsive to all the operational and procurement requirements of the Bank and of local legislation, a contract will be executed with a management firm with prior experience in executing programs funded by multilateral institutions (paragraph 3.8).
- 4.12 Apart from its institutional capacity, the SEC will be strengthened through the development of a strategic plan, consolidation of existing procedures, development of operating manuals, and implementation of a permanent monitoring and evaluation system. The requirement to submit semiannual reports with detailed process, coverage, products and results indicators for each subcomponent, in addition to those included in the logical framework, means that problems or difficulties may be recognized before they become bottlenecks.
- 4.13 Financial viability is based on the SEC's good financial performance. It achieved 98% of its 2002 budget execution. In financial terms, the program represents a small fraction of the general state budget, and the SEC budget in particular (US\$32 million for 2003). Incremental recurring expenditures—operational,

maintenance of nine CFCs, and art instructors compensation—have been estimated at US\$2.7 million over the entire program period. A decreasing financing method was adopted for incremental expenses related to CFC operations, reflecting the item in the annual SEC budget. Before the start of the last year of execution, the budget will be reviewed to ensure that funding for administration of the CFCs in subsequent years has been taken into account. Lastly, the program includes the design and implementation of a fund raising strategy to support the program's sustainability.

D. Environmental and social viability

- 4.14 No negative environmental impacts are expected. Construction of CFCs and rehabilitation of AE premises are minor works that will need to comply with the provisions of the Code of Civil Works of the São Paulo Municipality, in addition to other applicable municipal and state rules, and the relevant standards of the Brazilian Technical Standards Association (BTSA). These include Law 46,076, providing for fire emergency measures and evacuation routes, and rule NB-9050-1994 covering building accessibility for persons with physical disabilities. Additionally, civil works will take into account security measures to protect children, young people, instructors and other users, and to protect buildings from acts of violence and vandalism.
- 4.15 The environmental and social management plan has been incorporated into the program, in particular its Operating Regulations, and contains technical and environmental criteria. The bidding documents necessarily include the architectural and urban projects, in addition to hydraulic, sanitation, and other projects that require the Bank's non objection prior to publication. As provided in the OR, a firm will be contracted to supervise the civil works, and will have an engineer to take care of infrastructure and environment issues.
- 4.16 This operation automatically qualifies as a PTI project that promotes social equity (SEQ), insofar as it addresses the situation of children and adolescents in the low-income and higher social exclusion sectors. The operation is also consistent with the social equity enhancing objectives, as described in paragraphs 2.13 and 2.15, respectively, of the Eight Replenishment (document AB-1704). The borrower will use the additional 10% financing.
- 4.17 The program will be implemented in poor and excluded areas in outlying areas of the SPMP where children and young people are at high risk of social exclusion. The program will help children and young people overcome the barriers to full participation in society, thus enhancing social equity. The beneficiary registration form will include the census question on racial/ethnic self-identification to allow for a disaggregated analysis of evaluation data to document existing racial/ethnic gaps and inequities. When completing the registration forms, half the beneficiaries are expected to put a check mark by *pretos* or *pardos* (skin color categories under the National Census of Brazil), meaning the program will have a major effect on afro-

descendants. The program is also expected to improve children's school achievements, prevent and lower their school drop-out rate, and lower the risk of them joining street gangs or violent groups, thus lessening the social risk factors.

- 4.18 To strengthen the program's cross-cutting integration of the gender, racial/ethnic and disability equity dimensions, the OR will include the following activities: (i) three diagnostic studies on gender, racial/ethnic and disability inequities in the districts selected for program intervention will be performed; (ii) equity considerations will be developed in the above three areas, in the curriculum guidelines for the various areas of artistic and cultural expression; (iii) gender, racial/ethnic and disability equity dimensions in the SEC strategic plan and its cultural policy; (iv) equity indicators will be built into the logical framework and monitoring matrix to measure and evaluate the results and impact of program actions; and (v) all the personnel involved in program execution will be trained to identify and treat these inequities in their field of work. Furthermore, the President of the State Council on the Condition of Women expressed interest in participating in the interinstitutional coordination activities of the program.

E. Risks

- 4.19 One potential risk is not finding enough professionals willing to work in remote and violent neighborhoods. To manage this situation, the program will: (i) encourage art instructors residing in the target areas to participate in the program; (ii) train participants to work with social groups at high risk; and (iii) offer a bonus if it becomes evident during the program that people are reluctant to work in certain districts.
- 4.20 Another risk is for families to be fearful of sending their children to centers offering ARTivities because of the prevailing insecurity and violence. This situation will be mitigated by locating the CFCs in well lit areas that are not overly violent, and close to public transportation. Besides, since the District Advisory Councils are made up of community members, they are expected to take actions to protect beneficiaries and encourage their active participation.
- 4.21 Finally, there is a risk that low family income levels may force young people to abandon the activities before completion in order to seek work. This risk will be mitigated by offering ARTivities at the CFCs on a continuous schedule, and planning some specific activities with the potential for becoming a future source of income for young people, such as multimedia or musical instrument making.

LOGICAL FRAMEWORK
SOCIAL INCLUSION THROUGH CULTURE AND “CITIZENSHIP”: CULTURE FACTORIES
(BR-0373)

Narrative Summary of Objectives	Indicators	Means of verification	Assumptions
Aim: Foster comprehensive development and integration into society and the family of children and young people at risk by involving them in cultural activities	Increase number of years at school. Improve school performance (mathematics and Portuguese language). Reduce the number of young people that neither study nor work. Decrease homicide mortality rate in male population aged 15 to 19 years. Decrease the percentage of pregnancies in adolescents aged 14 to 17 years, for at least 10% of the population targeted by the program. ¹	Final evaluation of results and impact, emphasizing social risk indicators, including the vulnerability index.	1. Macroeconomic stability 2. Continuing political commitment to prioritize cultural and artistic activities for the population at social risk.
Purpose: Provide access for boys, girls and young people at social risk in the most vulnerable districts of São Paulo Municipality, to good quality artistic and cultural activities.	At the end of the program: 1. 45% of potential beneficiaries in the areas of intervention avail themselves of the program. 2. 10% of young people older than 14 spent at least two years in the program.	1.1 Semiannual SEC reports, and monitoring and evaluation reports (midterm and final program evaluations) 1.2 Record of beneficiaries 1.3 Extended SLC ² 2.1 Record of beneficiaries 2.2 Extended SLC	1. Professionals are willing to work in outlying areas. 2. Low citizen security does not cause families to prevent children and young people from participating in program activities.

¹ The milestones for each indicator will be established following the midterm evaluation.

² Survey of Living Conditions, Sao Paulo State, conducted by SEADE every four years.

Narrative Summary of Objectives	Indicators	Means of verification	Assumptions
	<p>3. 30% of beneficiaries show improved individual, social and home behavior.</p> <p>4. 90% of beneficiaries have improved specific arts skills.</p> <p>5. 90% of both male and female beneficiaries satisfied with services provided.</p> <p>6. At least 64,000 children and adolescents were able to access cultural activities at AEs, and 136,000 at CFCs, for an annual average cost of US\$132 each.</p> <p>7. Attendance at events held at the CFCs is 80% of expected.</p> <p>8. 50% of families participate in the activities of the beneficiaries.</p> <p>9. The SEC fully covers funding for CFC operating and maintenance costs as of the sixth year of execution.</p> <p>10. 50% of staff of AEs and CFCs understand the gender and racial/ethnic equity concept.</p> <p>11. 95% of the community is aware of the services offered under the program.</p>	<p>3.1 Qualitative research (interview beneficiaries, art instructors, EA staff, and family members)</p> <p>4.1 Survey of beneficiaries and art instructors</p> <p>5.1 Satisfaction survey of beneficiaries 5.2 Final evaluation</p> <p>6.1 Record of beneficiaries 6.2 Survey of beneficiaries 6.3 Final evaluation</p> <p>7.1 Final evaluation</p> <p>8.1 PMU, AE and CFC reports 8.2 Minutes of events organized</p> <p>9.1 Breakdown of program budget</p> <p>10.1 Final program evaluation</p> <p>11.1 Final program evaluation</p>	<p>3. Low income levels of families and the need for young people to work does not cut back their participation in program activities.</p>

BR-0373
SOCIAL INCLUSION THROUGH CULTURE AND "CITIZENSHIP"
CULTURE FACTORIES
PROCUREMENT PLAN

Annex III-1
Page 1 of 1

Component	Planned procurements	Breakdown	Amount US\$	IDB US\$	Local US\$	Method	Semester	Comments
1. ADMINISTRATION	MATERIAL	Office supplies	16,200	13,729	2,471	LCB-TP	2nd/2003	
	EQUIPMENT	Data processing (PC/Printer)	29,800	25,254	4,546	LCB	2nd/2003	
	9 INDIV. CONSULTANTS	PMU admin/technical team	979,200	0	979,200	COMPETITION	2nd/2003	
	1 CONSULTING FIRM	Management	1,200,000	900,000	300,000	ICB	2nd/2003-ongoing	Management support for the program - bidding/personnel hires
			2,225,200	938,983	1,286,217			
2.1 ARTivities	PUBLIC SERVICES	Water, light, telephone	839,700	564,300	275,400		1st/2003, 1st/2004, 1st/2007	
	PHYSICAL REHABILITATION	NGOs, affiliates	1,275,000	979,167	295,833	COMPETITION	2nd/2004, 1st/2005	physical space, monitoring of ARTivities
	OFFICE EQUIPMENT	Writing materials	2,324,400	1,338,559	985,841		1st/2004, 1st/2005, 1st/2006	
	EQUIPMENT	Data processing 150 PCs/Printer	643,500	535,735	107,765	LCB		
	EQUIPMENT	Musical instruments/arts implements	1,588,500	1,322,480	266,020	LCB		
	9 VEHICLES	1 per CFC	60,000	48,000	12,000	LCB	1st/2004	
	MATERIAL	Publications - ARTivities	100,000	84,746	15,254		2nd/2003-ongoing	
	5 INDIV. CONSULTANTS	Specialized in 5 areas of expression	85,000	63,750	21,250	COMPETITION	2nd/2003	
	INDIV. CONSULTANTS	Art instructors b/	6,465,200	4,470,925	1,994,275	COMPETITION	2nd/2003	
	CONSULTING FIRM	Mapping/diagnostics	25,000	20,833	4,167	LCB-TP	2nd/2003	
	CONSULTING FIRM	Equity diagnosis	30,000	25,000	5,000	LCB-TP		
			13,436,300	9,453,495	3,982,805			
2.2 Culture Foundations (CFC)	CIVIL WORKS	Construction/rehabilitation of nine CFCs	6,506,000	5,036,805	1,469,195	LCB	1st/2004, 1st/2005, 1st/2006	Three lots per bidding process, per year
	1 CONSULTING FIRM	Develop final project designs	300,000	250,000	50,000	LCB	2nd/2003	
	1 CONSULTING FIRM	Basic projects	66,000	55,000	11,000			
	1 CONSULTING FIRM	Civil works oversight	330,000	314,286	15,714	LCB	1st/2004, 1st/2005, 1st/2006	
	54 INDIV. CONSULTANTS	CFC admin/technical teams	2,174,900	1,482,676	692,224	COMPETITION	1st/2004 - ongoing	Necessary staff will be hired as CFCs become operational
	EQUIPMENT	Computers- PMU/CFC management	153,000	127,378	25,622			
	COMPUTER	Consulting services	50,000	38,136	11,864			
	OPERATIONAL MAINTENANCE	Public services (water, light, telephone)	1,768,000	0	1,768,000			
			11,347,900	7,304,281	4,043,619			
2.3 Institutional strengthening	EXCHANGES		100,000	85,714	14,286			
2.3.1 SEC Strategic Plan	INDIV. CONSULTANT	SEC Strategic Plan	23,000	21,905	1,095	COMPETITION	1st/2004	
2.3.2 Monitoring/Evaluation	CONSULTING FIRM	SEADE	275,000	222,619	52,381	DIR. CONTRACT	2nd/2003	
	INDIV. CONSULTANT	Impact assessment	50,000	47,619	2,381	LCB	1st/2004	
			325,000	270,238	54,762			
2.3.3 Guidance and Training	CONSULTING FIRM	NGO - Reading training	8,000	7,619	381	COMPETITION	1st/2004	
	CONSULTING FIRM	Training	272,000	259,048	12,952	ICB	1st/2004	
			280,000	266,667	13,333			
2.3.4 Social communication	MATERIAL	Brochures/media	100,000	90,909	9,091	ICB/LCB	2nd/2003	
	CONSULTING FIRM	Public information	200,000	181,818	18,182	COMPETITION	1st/2004	
	CONSULTING FIRM	Awareness	200,000	181,818	18,182	LCB	1st/2004	
			500,000	454,545	45,455			
	CONSULTING FIRM	External audit	200,000	181,818	18,182			
	CONTINGENCIES		1,062,600	800,709	261,891			

g/: PROCUREMENT PRACTICES:
LCB: Local Competitive Bidding
ICB: International Competitive Bidding
COMPETITION: Competitive bidding as provided in Annex C

29,500,000 19,778,355 9,721,645

b/: To conduct ARTivities at both AEs and CFCs